

MEDIA, PA – With the release of a key oversight report on government assistance to the auto industry, Congressman Joe Sestak (PA-07) expressed the need for immediate action on the document's recommendations to improve transparency and accountability. In a letter to U.S. Treasury Secretary Timothy Geithner, the Congressman maintained his persistent demands, dating back to the previous administration, that the Department not only use taxpayer money responsibly, but also earn the faith of the taxpayers themselves.

He highlighted this broader goal while pointing out specifics in the Congressional Oversight Panels Report (COP Report) on the use of Troubled Asset Relief Program (TARP) funds in the support and reorganization of the domestic automotive industry. (TARP was created in the Emergency Economic Stabilization Act last fall to support the United States financial system as the economy faced the possibility of collapse.) The full text of the letter follows this release.

As I reviewed the report, it became clear that we still are not seeing full transparency and accountability in the implementation of TARP, said Congressman Sestak. I wrote to Secretary Geithner to express my concerns for the ongoing oversight and control of TARP funds provided to General Motors and Chrysler.

Because there are competing and conflicting objectives with regard to ongoing operations at General Motors and Chrysler, the Treasury must quickly begin implementation of the recommendations outlined in the report. In particular, it is important to clearly isolate the operations from political considerations. For example, the recommendation to transfer funds into an independent trust should be actively pursued.

The Congressman vigorously supported the need for action to help restore strength and stability to the United States financial system and to assist in the retooling of the domestic automotive industry. Without some intervention, many hundreds of thousands of jobs in manufacturing, parts supply, and dealerships would have been lost, in addition to vital advanced research, development, and manufacturing capability. An uncontrolled, extended bankruptcy would have had a devastating ripple effect across the broader economy.

As I continue to support the actions taken to save hundreds of thousands of jobs related to the auto industry, I remain intensely committed to restoring public confidence that our government

can responsibly administer effective oversight, said Congressman Sestak.

Last November, the Congressman expressed these sentiments to former Treasury Secretary Henry Paulson, noting that the restoration of public confidence in our governmental and financial institutions cannot begin until the American taxpayers see consistent enforcement of the oversight provisions. He stressed that it is most incumbent upon Congress to ensure full transparency through accountable oversight of the actions taken by the Federal Government correcting the absence of these which led to the financial markets failure.

In his latest letter to Secretary Geithner, the Congressman wrote: I believe that we cannot begin to restore public confidence in our governmental and financial institutions until the American taxpayers see consistent enforcement of oversight provisions, a clear statement of progress against objectives, and accountability for success or failure. Without the transparency of open and full disclosure, lessons will not be learned and public confidence will not be rebuilt.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navys anti-terrorism unit that established strategic and operations policies for the Global War on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.*

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September 10, 2009

The Honorable Timothy F. Geithner

Secretary of the Treasury

United States Department of the Treasury

Room 3330

1500 Pennsylvania Avenue, N.W.

Washington, DC 20220

Dear Secretary Geithner:

Following the Report issued September 9, 2009 by the Congressional Oversight Panel (COP Report) regarding the Use of TARP Funds in the Support and Reorganization of the Domestic Automotive Industry, I write again to reinforce concerns previously expressed to Secretary Paulson. Despite widespread opposition from my constituents, I actively supported the need for action to help restore strength and stability to the United States financial system and to assist in the retooling of the domestic automotive industry.

As outlined in the COP Report and, as I well understood at the time, the major domestic auto manufacturers were facing a number of challenges that covered both operational and liquidity concerns. I continue to believe that without some intervention many hundreds of thousands of jobs in the manufacturers, the suppliers, and the dealer body would have been lost as would vital advanced research, development, and manufacturing capability.

An uncontrolled, extended bankruptcy would have had a devastating ripple effect across the broader economy. For these reasons, I generally supported the involvement and actions taken although frankly, I believe that the dealer body was least well represented in this process and

suffered disproportionately as a result.

I say these things as background so that you understand that my concerns come not from a disagreement with the philosophy, but rather with some of the implementation actions. As highlighted in the COP Report, there are a large number of potential areas of conflict that arise from the government ownership. It is clear that there are competing and conflicting objectives relative to corporate profitability, jobs preservation, and production of potentially lower-margin but environmentally essential retooled vehicles. For these reasons, I believe it is essential that the Treasury quickly begin implementation of the recommendations outlined in the COP Report. In particular, I believe that it is important early on to clearly isolate the operations from political considerations. For that reason, I believe the recommendation of transferring the holding into an independent trust should be actively pursued.

As I have indicated in the past, I believe that we can not begin to restore public confidence in our governmental and financial institutions until the American taxpayers see consistent enforcement of oversight provisions, a clear statement of progress against objectives, and accountability for success or failure. I understand that critical judgments are required, and I am sure that the decision process with conflicting objectives can be messy. However, without the transparency of open and full disclosure, lessons will not be learned and public confidence will not be rebuilt. And I would add that this applies with even more emphasis to the actions supporting financial institutions under TARP. I believe the COP Report mirrored the views expressed by my constituents that the auto manufacturers were held to a tighter standard in all areas of the work-out process than were most banks and other financial institutions.

Thank you for your service in this challenging time, and I look forward to hearing from you on this matter.

Sincerely,

Joe Sestak

Member of Congress